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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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[Signature]

IN THE MATTER OF THE APPLICATION
OF APPALOOSA WATER COMPANY
FOR APPROVAL OF A FINANCING
APPLICATION.

DOCKET NO. W-03443A-10-0143

IN THE MATTER OF THE APPLICATION
OF APPALOOSA WATER COMPANY FOR
APPROVAL OF A RATE INCREASE.

DOCKET NO. W-03443A-11-0040

PROCEDURAL ORDER
(Schedules Public Comment and
Reschedules Evidentiary Hearing)

On April 10, 2011, Appaloosa Water Company ("Appaloosa" or "Company") filed with the Arizona Corporation Commission ("Commission") an application requesting approval to obtain financing through the Water Infrastructure Financing Authority ("WIFA") in the amount of \$855,193 to construct a 500,000 gallon storage tank, to purchase an emergency generator, and to extend the Company's main line ("Financing Application").

On January 26, 2011, Appaloosa filed with the Commission an application for a permanent increase in its water rates and charges, using a test year ending December 31, 2009. Appaloosa's application requested an increase in rates to generate an additional \$131,153 over total test year revenues ("Rate Application").

On February 10, 2011, the Commission's Utilities Division ("Staff") filed a Request of Suspension of Timeclock. Staff stated that after Staff reviewed Appaloosa's rate application with Appaloosa, Appaloosa agreed to file an amended rate application using a 2010 test year. Staff requested a suspension of the timeclock until Appaloosa had filed its amended application.

On February 17, 2011, Appaloosa filed an amended rate application using a 2010 test year.

On February 24, 2011, by Procedural Order, Staff's Request of Suspension of Timeclock was granted.

On March 21, 2011, Mr. John E. Blann, Jr. filed a Motion to Intervene stating that he is a residential customer of Appaloosa Water Company and that he will be impacted if an increase in

1 water rates is granted. No objections were filed to Mr. Blann's request for intervention.

2 On April 19, 2011, by Procedural Order, Mr. John E. Blann, Jr.'s Motion to Intervene was
3 granted.

4 On June 22, 2011, Appaloosa filed a second amended rate application using a test year ending
5 December 31, 2010. The second amended rate application requests authorization to increase its rates
6 to generate an additional \$140,888 in annual revenues, approximately a 100 percent increase over its
7 reported test year revenues of \$140, 888.

8 On July 22, 2011, Staff issued a Letter of Sufficiency in this docket stating that Appaloosa's
9 rate application met the sufficiency requirements as outlined in A.A.C. R14-2-103 and classifying
10 Appaloosa as a Class C utility.

11 On July 26, 2011, by Procedural Order, the hearing on Appaloosa's rate application was
12 scheduled to commence on January 17, 2012, and other procedural deadlines were established.

13 On August 2, 2011, Staff filed a Motion to Consolidate requesting consolidation of
14 Appaloosa's rate application (Docket No. W-03443A-11-0040), with its financing application
15 (Docket No. W-03443A-11-0143). The Motion stated that issues involved in the two applications are
16 substantially related and consolidation will allow for the efficient use of Staff's resources in
17 analyzing these matters.

18 On August 5, 2011, by Procedural Order, Staff's request for consolidation of the rate
19 application docket and finance application docket was granted, the procedural schedule was revised
20 to accommodate the consolidated proceedings, and the hearing date was rescheduled for March 5,
21 2012.

22 On October 31, 2011, Appaloosa filed an affidavit stating that notice of the Company's rate
23 and financing applications had been published in *The Daily Courier*, a daily newspaper published in
24 the City of Prescott in Yavapai County, Arizona.

25 On November 18, 2011, Staff filed a Request for Procedural Order. Staff requested that the
26 timeclock and filing deadlines associated with these consolidated matters be indefinitely suspended to
27 provide Staff with additional time to process the applications in this matter. Staff stated that it needed
28 additional information from Appaloosa related to the WIFA loan.

1 On December 2, 2011, by Procedural Order, the timeclock and filing deadlines associated
2 with these consolidated matters were indefinitely suspended. The Procedural Order further ordered
3 that Staff file notice in the consolidated dockets, once its analysis of the applications was complete.

4 On December 15, 2011, the Company filed its response to Staff's Third Set of Data Requests.

5 On February 17, 2012, Staff filed Notice of Filing Direct Testimony ("Notice"). The Notice
6 stated that Staff had received the additional information necessary to complete its analysis of the
7 Company's applications and that Staff requests that the timeclock in this matter be restarted.

8 Accordingly, this matter should be rescheduled for hearing. Further, because notice of the
9 March 5, 2012, hearing date has been published, the date should be reserved to taking public
10 comment only.

11 Pursuant to A.A.C. R14-2-103 and A.A.C. R14-3-101 *et seq.*, the Commission now issues this
12 Procedural Order to govern the preparation and conduct of this proceeding.

13 IT IS THEREFORE ORDERED that **public comment shall be heard on these consolidated**
14 **matters on March 5, 2012, at 10:00 a.m.**, or as soon thereafter as is practicable, at the
15 Commission's offices, 1200 West Washington Street, Hearing Room No. 2, Phoenix, Arizona.

16 IT IS FURTHER ORDERED that **the evidentiary portion of the hearing is hereby**
17 **rescheduled to commence on May 3, 2012, at 10:00 a.m.** or as soon thereafter as is practicable, at
18 the Commission's offices, 1200 West Washington Street, Commissioner's 2nd Floor Conference
19 Room, Phoenix, Arizona.

20 IT IS FURTHER ORDERED that the **direct testimony and associated exhibits** to be presented
21 at hearing **the intervenor** shall be reduced to writing and filed **on or before March 9, 2012.**

22 IT IS FURTHER ORDERED that **rebuttal testimony and associated exhibits** to be presented at
23 hearing **by Appaloosa** shall be reduced to writing and filed **on or before March 30, 2012.**

24 IT IS FURTHER ORDERED that the **surrebuttal testimony and associated exhibits** to be
25 presented at hearing **by Staff and the intervenor** shall be reduced to writing and filed **on or before**
26 **April 16, 2012.**

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1 IT IS FURTHER ORDERED that **any objections to testimony filed as of April 16, 2012,**
2 shall be reduced to writing and filed **on or before April 27, 2012.**

3 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits** to be
4 presented **by Appaloosa** shall be presented during the evidentiary hearing.

5 IT IS FURTHER ORDERED that **any substantive corrections, revisions, or supplements**
6 **to the pre-filed testimony** shall be reduced to writing and filed no later than **April 27, 2012.**

7 IT IS FURTHER ORDERED that **Appaloosa and Staff** shall file a joint Status Report
8 discussing any issues that have been resolved and how they were resolved on or before **April 27, 2012.**

9 IT IS FURTHER ORDERED that any motion filed in this matter, other than a motion to
10 intervene, that is not ruled upon by the Commission within 20 calendar days of the filing date of the
11 motion shall be deemed denied.

12 IT IS FURTHER ORDERED that any response to a motion, other than responses to motions
13 to intervene, shall be filed within five calendar days of the filing date of the motion.

14 IT IS FURTHER ORDERED that any reply related to a motion shall be filed within five
15 calendar days of the filing date of the response to the motion.

16 IT IS FURTHER ORDERED that the timeclock is hereby reinstated.

17 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
18 Communications) applies to this proceeding, as the matter is now set for public hearing, and shall
19 remain in effect until the Commission's Decision in this matter is final and non-appealable.

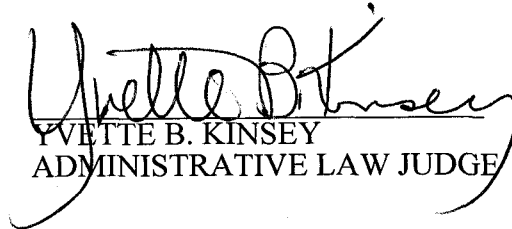
20 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
21 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

22 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
23 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona
24 Supreme Court Rule 42). Representation before the Commission includes the obligation to appear at
25 all hearings, procedural conferences, and Open Meetings for which the matter is scheduled for
26 discussion, unless counsel has previously been granted permission to withdraw by the Administrative
27 Law Judge or Commission.

28 ...

1 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
2 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

3 DATED this 27th day of February, 2012.

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5
6 
7 YVETTE B. KINSEY
ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed
9 this 27th day of February, 2012 to:


10 Joe Cordova, President
11 APPALOOSA WATER COMPANY
P.O. Box 3150
Chino Valley, AZ 86323-2708

12 John E. Blann, Jr.
13 2925 Harrison Drive
Chino Valley, AZ 86323-5569

14 Janice Alward, Chief Counsel
15 Legal Division
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20 ARIZONA REPORTING SERVICE, INC.
2200 North Central Avenue, Suite 502
21 Phoenix, AZ 85004-1481

22 By: 
23 Debra Broyles
Secretary to Yvette B. Kinsey